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May 12, 2006

VIA E-FILE AND HAND DELIVERY

Honorable Joseph J. Farnan, Jr.
United States District Court
District of Delaware
J. Caleb Boggs Federal Building
844 N. King Street
Room 4124, Lockbox 27
Wilmington, Delaware 19801

- Re: • *Wells Fargo Bank N.A. v. Royal*, Case No. 02-1294-JJF;
- *Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corp.*
 v. Pepper Hamilton, et al., Case No. 04-1551-JJF;
- *Charles A. Stanziale, Jr., Chapter 7 Trustee of Student Finance Corp.*
 v. McGladrey & Pullen LLP, et al., Case No. 05-72-JJF; and
- *Royal v. Pepper Hamilton, et al.*, Case No 05-165-JJF

Dear Judge Farnan:

I am writing on behalf, and with the consent, of all parties in each of the above-referenced cases who are represented by counsel to express our collective desire for a case management/discovery conference to address a number of issues on which the parties do not fully agree. (A full list of the parties in each case and their counsel is attached). These four cases involve the business and operations of Student Finance Corporation. This letter follows up a telephone call that all counsel had with your chambers on May 9, 2006, at the conclusion of which your chambers requested that we submit this letter outlining the issues that the parties wish to raise with the Court.

By way of brief background, in four virtually identical Orders entered on August 31, 2005 in each of the cases, this Court ordered that written discovery between the parties commence on September 7, 2005. Since that time, the parties have exchanged significant document productions, and continue to do so, and have continued to work in a coordinated fashion with respect to production logistics and follow-up. Depositions, however, have not been commenced in any of the cases. Some parties want to begin that process in the relatively near term; others are of the view that depositions should not commence for several months. There

The Honorable Joseph J. Farnan, Jr.
May 12, 2006
Page 2

also is disagreement among the parties regarding the nature and extent to which these matters are (or are not) coordinated for discovery purposes.

Counsel for all the parties believe the following case management issues require this Court's guidance:

1. To what extent should/must depositions be coordinated among the four actions?
2. When may depositions commence?
3. What procedures should be followed to balance the parties' right to a sufficient amount of time to depose witnesses in these multiple cases against a witness' right to avoid being subjected to multiple depositions? To the extent that depositions are coordinated, what procedures are appropriate to deal with the time limitations imposed by the federal rules? In these regards, we would note that the Rule 26 disclosures filed in the above cases collectively identify some 112 different witnesses as persons with knowledge of the matters at issue. While that number counts each witness only once, numerous individuals are identified in more than one case.
4. To what extent should the parties share costs for ongoing document productions?
5. Is this an appropriate time to work out a case management order that will govern other deadlines in these cases, such as deadlines for the completion of fact and expert discovery and the filing of summary judgment motions?
6. The August 31, 2005 Orders contemplated a pre-trial conference to be held on February 8, 2007, with a trial to follow in the Spring of 2007. Given the current status of discovery, might it be possible to adjust that schedule?

The parties respectfully request that the Court schedule a conference at its earliest convenience to address these matters. Your chambers suggested that a conference possibly could be scheduled for May 17, 2006, and requested that we advise whether that date would work for all counsel. All counsel are available on May 17, 2006.

The Honorable Joseph J. Farnan, Jr.
May 12, 2006
Page 3

Respectfully,

A handwritten signature in black ink, appearing to read 'Tiffany Geyer Lydon', with a stylized flourish at the end.

Tiffany Geyer Lydon

cc: David C. McBride, Esq. (Counsel for Wells Fargo Bank N.A.) (e-mail)
Andre G. Castaybert, Esq. (Counsel for Wells Fargo Bank N.A.) (e-mail)
Michael Waters, Esq. (Counsel for Trustee) (e-mail)
James J. Rodgers, Esq. (Counsel for Trustee) (e-mail)
Donald Crecca, Esq. (Counsel for Trustee) (e-mail)
Christopher A. Ward, Esq. (Counsel for Trustee) (e-mail)
Veronica Rendon (Counsel for McGladrey & Pullen LLP and Michael Aquino) (e-mail)
John H. Eickemeyer, Esq. (Counsel for Freed Maxick & Battaglia CPAs, PC) (e-mail)
Stephen J. Shapiro, Esq. (Counsel for Pepper Hamilton LLP and W. Roderick Gagne)
(e-mail)
Elizabeth K. Ainslie, Esq. (Counsel for Pepper Hamilton LLP and W. Roderick Gagne)
Neil G. Epstein, Esq. (Counsel for W. Roderick Gagne, Robert L. Bast, Pamela Bashore
Gagne and the Trusts) (e-mail)
Karen Lee Turner, Esq. (Counsel for W. Roderick Gagne, Robert L. Bast, Pamela
Bashore Gagne and the Trusts) (e-mail)
Michael R. Lastowski, Esq. (Counsel for McGladrey & Pullen LLP and Michael Aquino)
(e-mail)
William H. Sudell, Jr., Esq. (Counsel for Pepper Hamilton LLP and W. Roderick Gagne)
(e-mail)
James L. Holzman, Esq. (Counsel for Freed Maxick & Battaglia CPAs, PC) (e-mail)
Andrew Yao (U.S. Mail)
Thomas Selby, Esq. (Counsel for McGladrey & Pullen LLP) (e-mail)

Case No. 02-1294

**MBIA Insurance Corporation and Wells
Fargo Bank Minnesota, N.A. as Trustee
of SFC Grantor Trust, Series 2000-1, SFC
Grantor Trust, Series 2000-2, SFC
Grantor Trust, Series 2000-3, SFC
Grantor Trust, Series 2000-4, SFC
Grantor Trust, Series 2001-1, SFC
Grantor Trust, Series 2001-2, SFC Owner
Trust 2001-1, and SFC Grantor Trust,
Series 2001-3,**

Plaintiffs,

v.

Royal Indemnity Company,

Defendant.

Royal Indemnity Company,

Third-Party Plaintiff,

v.

**Andrew N. Yao, Student Loan Servicing
LLC, Student Loan Acceptance II LLC,
Student Loan Acceptance III LLC,
Student Loan Acceptance V LLC,
Student Loan Acceptance VIII LLC,
Student Loan Acceptance IX LLC, SFC
Financial LLC I, SFC Financial LLC II,
SFC Financial LLC VI, SFC Financial
LLC VII,**

Third-Party Defendants.

Royal Indemnity Company,

Counter-Claimant,

v.

**MBIA Bank and Wells Fargo Bank
Minnesota N.A.,**

Counter-Defendants.

Case No. 04-1551

**Charles A Stanziale, Jr., Chapter 7
Trustee of SFC,**

Plaintiff,

v.

**Pepper Hamilton LLP; W. Roderick
Gagne; Robert L. Bast; Pamela Bashore
Gagne; W. Roderick Gagne, Trustee of
Trust under deed of Elizabeth B. Brennan
dated January 12, 1994, FBO W.
Roderick Gagne; W. Roderick Gagne,
Trustee of Trust under deed of Elizabeth
B. Brennan dated January 12, 1994, FBO
Phillip B. Gagne; W. Roderick Gagne,
Trustee of Trust under deed of Elizabeth
B. Brennan dated January 12, 1994, FBO
Elizabeth L. Gagne; W. Roderick Gagne,
Trustee of Trust under deed of James T.
Brennan dated April 8, 1991, FBO W.
Roderick Gagne; W. Roderick Gagne,
Trustee of Trust under deed of James T.
Brennan dated April 8, 1991, FBO Phillip
B. Gagne; W. Roderick Gagne, Trustee of
Trust under deed of James T. Brennan
dated April 8, 1991, FBO Elizabeth L.
Gagne,**

Defendants.

Case No. 05-165

Royal Indemnity Company,

Plaintiff,

v.

**Pepper Hamilton LLP, Roderick Gagne,
Freed Maxick & Battaglia CPAs,
McGladrey &
Pullen, LLP, and Michael Aquino,**

Defendants.

Case No. 05-72

**Charles A Stanziale, Jr., Chapter 7
Trustee of SFC,**

Plaintiff,

v.

**McGladrey & Pullen, LLP and Michael
Aquino,**

Defendants.

Party Representations

<p>MBIA and Wells Fargo</p> <p>David C. McBride John W. Shaw Dawn M. Jones YOUNG, CONAWAY, STARGATT & TAYLOR LLP The Brandywine Building 1000 West Street, 17th Floor Wilmington, DE 19810 (302) 571-6600</p> <p>- and -</p> <p>Ronald S. Rauchberg Steven E. Obus Andre G. Castaybert David T. McTaggart PROSKAUER ROSE LLP 1585 Broadway New York, NY 10036 (212) 969-3000</p>	<p>Royal Indemnity Company</p> <p>Philip Trainer, Jr. Lawrence C. Ashby Tiffany Geyer Lydon ASHBY & GEDDES 222 Delaware Avenue Wilmington, DE 19899 (302) 654-1888</p> <p>- and -</p> <p>Michael Barr John Grossbart Ken Pfaehler Alan Gilbert SONNENSCHN NATH & ROSENTHAL LLP 1221 Avenue of the Americas New York, NY 10020 (212) 768-6800</p>
<p>Pepper Hamilton LLP and W. Roderick Gagne, in his capacity as an attorney practicing at Pepper Hamilton LLP</p> <p>William H. Sudell, Jr. Donna L Culver Joanna F. Newdeck MORRIS, NICHOLS, ARSHT & TUNNELL LLP 1201 North Market Street Wilmington, DE 19899 (302) 658-9200</p> <p>- and -</p> <p>Elizabeth K. Ainslie Nicholas J. LePore, III Bruce P. Merenstein Stephen J. Shapiro SCHNADER HARRISON SEGAL & LEWIS LLP 1600 Market Street, Suite 3600 Philadelphia, PA 19103 (215) 751-2000</p>	<p>Roderick W. Gagne, Robert L. Bast, Pamela Bashore Gagne, and Gagne Trusts</p> <p>Karen Lee Turner 4 East 8th Street, Suite 200 Wilmington, DE 19801</p> <p>- and -</p> <p>Neil G. Epstein Carol L. Press ECKERT SEAMANS CHERIN & MELLOTT, LLC 1515 Market Street, 9th Floor Philadelphia, PA 19102 (215) 851-8400</p>

McGladrey & Pullen, LLP Michael R. Lastowski Christopher M. Winter DUANE MORRIS LLP 1100 North Market Street, Suite 1200 Wilmington, DE 19801-1246 (302) 657-4951 - and - Richard P. Swanson Veronica E. Rendon Jason Butler ARNOLD & PORTER LLP 399 Park Avenue New York, NY 10022 (212) 715-1000 - and - Steven M. Farina Thomas H.L. Selby WILLIAMS & CONNOLLY LLP 725 12 th Street, N.W. Washington, D.C. 20005 (202) 434-5000	Michael Aquino Michael R. Lastowski Christopher M. Winter DUANE MORRIS LLP 1100 North Market Street, Suite 1200 Wilmington, DE 19801-1246 (302) 657-4951 - and - Richard P. Swanson Veronica E. Rendon Jason Butler ARNOLD & PORTER LLP 399 Park Avenue New York, NY 10022 (212) 715-1000
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<p>Charles A Stanziale, Jr., Chapter 7 Trustee of SFC</p> <p>Daniel K. Astin Ashley B. Stitzer Christopher A. Ward THE BAYARD FIRM 222 Delaware Ave. Wilmington, DE 19801 (302) 655-5000</p> <p>-and-</p> <p>Michael S. Waters Lois H. Goodman Jeffrey T. Testa Donald Crecca McELROY, DEUTSCH, MULVANEY & CARPENTER, LLP Three Gateway Center 100 Mulberry Street Newark, New Jersey 07102 (973) 622-7711</p>	<p>Freed Maxick & Battaglia CPAs, PC</p> <p>James L. Holzman J. Clayton Athey PRICKETT, JONES & ELLIOTT, P.A. 1310 King Street Wilmington, DE 19801 (302) 888-6500</p> <p>- and -</p> <p>John H. Eickemeyer Jonathan A. Wexler VEDDER, PRICE, KAUFMAN & KAMMHOLZ, P.C. 805 Third Avenue New York, NY 10022 (212) 407-7700</p>
<p>Andrew Yao and SFC entities</p> <p>Currently not represented.</p>	

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